

Message Text

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ACTION EA-06

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R 110952Z FEB 77
FM AMEMBASSY RANGOON
TO SECSTATE 3014
INFO AMEMBASSY BANGKOK
AMEMBASSY KUALA LUMPUR
AMEMBASSY SINGAPORE
AMEMBASSY JAKARTA
IMEMBASSY MANILA 1281
AMEMBASSY TOKYO
AMEMBASSY VIENTIANE
AMCONSUL HONG KONG
USLO PEKING

S E C R E T SECTION 1 OF 3 RANGOON 0437

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E.O. 11652: GDS
TAGS: PFOR, US, XB
SUBJ: U.S. POLICY ON SOUTHEAST ASIA IN POST-VIETNAM PERIOD

REF: STATE 25347

1. VIETNAM: PROJECTING TRENDS AFFECTING AMERICAN
INTERESTS IN THIS REGION, THE MOST CONSPICUOUS FAVORABLE
TREND IS THE SUBSTANTIAL REDUCTION IN THE LIKELIHOOD OF
HOSTILITIES THAT MIGHT INVOLVE THE UNITED STATES, EITHER
DIRECTLY OR VIA COMMITMENTS. THIS FAVORABLE TREND IS
LARGELY BUT NOT SOLELY A MANIFESTATION OF VIETNAM'S

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CURRENT ORIENTATION TOWARD PEACEFUL CONSTRUCTION, AN
ORIENTATION THAT HAS BEEN INCREASINGLY APPARENT SINCE LAST
JULY (RANGOON'S 2391). A POLICY QUESTION THAT ARISES IS,
ARE THERE ANY FEASIBLE WAYS, MORE EFFICIENT THAN INACTION,
BY WHICH WE CAN OR SHOULD REINFORCE THIS FAVORABLE TREND?

2. MY OWN VIEW, AS EXPRESSED PREVIOUSLY, IS THAT WE

SHOULD RECOGNIZE THE SRV ONLY WHEN IT IS PREPARED TO ACCEPT RECOGNITION UNCONDITIONALLY, AND SHOULD CONSIDER AIDING IT ONLY ON THE BASIS OF THE SAME SORT OF ECONOMIC DEVELOPMENTAL AND HUMANITARIAN CRITERIA (INCLUDING HUMAN RIGHTS) APPLICABLE ELSEWHERE IN THE REGION (OF WHICH MORE BELOW). A FUNDAMENTAL CIRCUMSTANCE THAT SEEMS TO ME TO RECOMMEND THIS RATHER RELAXED, UN-URGENT POSTURE IS THAT VIETNAM'S CURRENT PEACEABLE ORIENTATION, WHILE SOMETHING WE SHOULD ENCOURAGE IF APPROPRIATE, IS NOT IN ANY MAJOR WAY CONTINGENT ON OUR SUPPORT. THE SOVIETS AND THEIR BLOC (MOST NOTABLY THE GDR) SEEM AT THIS TIME MOTIVATED TOWARD ENCOURAGING A STRONG AND ATTRACTIVE--AND THEREFORE PEACEABLE--VIETNAM, PARTLY AS A MEANS OF "CONTAINING" PRC INFLUENCE, A MOTIVATION WHICH WILL PROBABLY PERSIST FOR A GOOD WHILE YET, WHATEVER WE DO. WHILE WE HAVE BEEN CURED OF OUR ADDICTION TO CONTAINMENT, THE KREMLIN IS STILL HOOKED. WHILE DEPLORING THE VICE, WE SHOULD RECOGNIZE THAT IN OTHERS IT MAY OCCASIONALLY WORK TO OUR BENEFIT.

3. ANOTHER REASON I WOULD RECOMMEND AGAINST TOO MUCH ZEAL IN PUSHING RECOGNITION AND AID UPON THE SRV IS THAT DISPLAYS OF EAGERNESS WOULD PRESUMABLY CAUSE THE SRV TO INFLATE ITS DEMANDS. I WOULD PARTICULARLY RECOMMEND AGAINST ENTERING NEGOTIATIONS WITH THE SRV ON AID (WHETHER OR NOT LINKED TO THE MIA, BUT ESPECIALLY IF LINKED), PARTLY FOR THE SAME REASON, PARTLY BECAUSE THE RATIONAL BASES FOR A NEGOTIATED "SOLUTION" (E.G. FAITH THAT THE OTHER PARTY WOULD BE BOUND BY AN AGREEMENT) DO NOT SEEM TO ME TO EXIST. VIETNAM BADLY NEEDS SOMETHING WE HAVE -- CAPITAL,
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WHETHER PRIVATE OR GOVERNMENTAL, BUT MOSTLY PRIVATE. WE SHOULD REJECT ANY ATTEMPT BY THEM TO TREAT OUR SUPPLY OF CAPITAL FOR THEIR NEEDS AS AN OBLIGATION OR AS REPARATIONS.

4. ECONOMIC TRENDS: REGIONAL ECONOMIC TRENDS, WHILE NOT CONSPICUOUSLY FAVORABLE, ARE NOT WITHOUT BRIGHT SPOTS IN TERMS OF U.S. INTERESTS (A SOJOURN IN BURMA ENHANCES ONE'S NIGHT-VISION FOR SEEING OTHER COUNTRIES' BRIGHT SPOTS). THE ASEAN COUNTRIES' ECONOMIC CONDITIONS AND PROSPECTS MAY LOOK BAD COMPARED WITH THE DEVELOPED COUNTRIES; BUT THIS MAY BE THE WRONG MEASURE. ON A BURMESE SCALE, THEY LOOK PRETTY GOOD, AND THERE SEEMS TO BE A DEGREE OF FORWARD MOTION. AT ALL EVENTS, WE MAY TAKE SOME COMFORT FROM THE FACT THAT, WITH OUR NOW MORE SOPHISTICATED APPRECIATION OF OUR SECURITY POSITION AND INTERESTS, WE NEED NO LONGER ACT AS THOUGH THE "SOLUTION" OF THE ECONOMIC PROBLEMS OF NATIONS IN THE REGION WAS MORE ESSENTIAL TO OUR OWN SURVIVAL THAN TO THEIRS. WE CAN MORE RIGOROUSLY STICK TO A POSTURE OF HELPING THOSE

WHO HELP THEMSELVES, AND THIS POSTURE WILL IN THE LONG
RUN DO MORE TO STIMULATE ECONOMIC GROWTH THAN THE MORE
PERMISSIVE APPROACH. A FURTHER BRIGHT POINT IS THAT OTHER
WEALTHY COUNTRIES--JAPAN, GERMANY, CANADA, AND AUSTRALIA,
FOR EXAMPLE--ARE PICKING UP MORE OF THE BURDEN, ALONG
WITH THE MULTILATERALS.

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AMEMBASSY JAKARTA
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5. THE SOCIO-POLITICAL IMPLICATIONS OF REGIONAL ECONOMIC
TRENDS ALSO SEEM A LITTLE BRIGHTER FROM BURMA, A COUNTRY
WHICH HAS BEEN LOOKING AT THE SOCIALIST FUTURE AND -- UNLIKE
SOME ROMANTICS WHO VISITED MOSCOW IN THE 'TWENTIES--
FINDING THAT IT DOESN'T WORK TOO WELL. THE PRC MODEL IS
NOT ALL THAT EASY FOR NON-CHINESE TO EMULATE, AND
THE UNDILUTED SOVIET VERSION IS ALSO FAULTY. IT IS NOTE-
WORTHY THAT EVEN THE SRV HAS COME OUT WITH A STATEMENT OF
RELATIVELY LIBERAL POLICIES TO ATTRACT FOREIGN INVESTMENT
FROM FREE-ENTERPRISE COUNTRIES. WE SHOULD BE DUNDAMENTALLY
CONFIDENT OF THE STRENGTHS OF THE FREE ECONOMIC SYSTEM, AND

OF THE POWER OF THE PRAGMATIC ETHIC. THE MAJOR DYNAMIC

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WORKING FOR US WILL BE THE VITALITY OF THE FREE-ENTERPRISE PRIVATE INVESTOR. OUR AID POLICY CAN REINFORCE THESE DYNAMICS. BILATERALLY, WE SHOULD SELECTIVELY AID THOSE COUNTRIES THAT DEMONSTRATE A PROPENSITY TO RESPOND TO INVESTMENT BY RAISING PRODUCTIVITY (FOR THIS WILL ULTIMATELY BENEFIT OTHER ECONOMIES, INCLUDING OUR OWN), AND WE SHOULD TRY TO GET OTHER AIDING COUNTRIES, NOTABLY JAPAN AND GERMANY, AS WELL AS THE MULTILATERALS (THROUGH WHICH MORE AND MORE OF OUR OWN GOVERNMENTAL AID SHOULD FLOW) TO ADOPT SIMILAR CRITERIA. WHILE THE RESULT OF SUCH AN AID POLICY WILL PROBABLY BE TO FAVOR FREE-ENTERPRISE ECONOMIES, WE SHOULD BEWARE OF MAKING ANTI-SOCIALISM OR ANTI-COMMUNISM A CRITERION FOR DECIDING WHOM TO AID AND NOT AID. THAT IS A CRITERION TOO EASILY SATISFIED BY VERBAL PERFORMANCE. OUR CRITERIA SHOULD BE MOSTLY ECONOMIC, TANGIBLE, AND PRAGMATIC.

6. SINO-SOVIET: WE SHOULD BE DULY AWARE OF THE INVOLVEMENT AND ACTIVITIES OF CHINA AND THE SOVIET UNION IN THE REGION, BUT SHOULD NOT LET THEIR DISPUTE DOMINATE OUR OWN POLICIES. NEARLY EVERYONE WOULD AGREE THAT THE CLOSER WE CAN COME TO STRICT NEUTRALITY VIS-A-VIS THE SINO-SOVIET DISPUTE THE BETTER; BUT IN PRACTICE IT IS EASY TO SLIP INTO THE FALLACY OF ASSUMING THAT, SINCE RUSSIA IS THE MAJOR THREAT, WE SHOULD BE CORRESPONDINGLY MORE FRIENDLY TOWARD CHINA, WHICH ANYWAY IS MORE URBANE AND CHARMING. LOGICALLY, A GOOD CASE COULD BE MADE FOR THE OPPOSITE. TO THE EXTENT THAT WE HAVE THE CAPABILITY THROUGH THE WILES OF DIPLOMACY TO REDUCE THE HOSTILITY OF A POTENTIAL ADVERSARY, WE SHOULD EXERCISE THOSE WILES ON THE SOVIET UNION, WHOSE HOSTILITY IS POTENTIALLY MUCH MORE HARMFUL TO US. AN ADDITIONAL POINT IS THAT THE CHINESE OBJECTIVE IS TO MAXIMIZE HOSTILITY BETWEEN THE U.S. AND THE USSR, WHILE OURS SHOULD BE TO MINIMIZE IT. IN ANY CASE, THE FIELD OF SINO-SOVIET RELATIONS OFFERS VERY UNCERTAIN FOOTING UPON WHICH TO MANEUVER VIS-A-VIS EITHER PARTY, AND SHOULD

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GENERALLY BE LEFT ALONE.

7. I RECOGNIZE THE POINT THAT HAS BEEN IMPLICITLY RAISED BY AMBASSADOR GATES, ABOUT THE UNDESIRABILITY OF APPEARING TO BE TRYING TO BUILD UP VIETNAM AS A RIVAL TO CHINA, BUT

I THINK OUR UNCONDITIONAL RECOGNITION OF VIETNAM AND EVEN (SHOULD VIETNAM MEET THE PRGAMATIC CRITERIA STATED ABOVE) A MODEST AID PROGRAM WOULD RUN ONLY SMALL RISK OF SEEMING TO PEKING PART OF SUCH AN EFFORT. THIS SMALL RISK WOULD PROBABLY BE JUSTIFIED IF IT MADE A SUBSTANTIAL CONTRIBUTION TO ENGAGING VIETNAM IN RELATIONS OF INTERDEPENDENCE WITH THE REST OF THE WORLD.

8. BY AND LARGE, THE MOST EFFICIENT MEANS OF KEEPING GOOD RELATIONS WITH THE PRC ARE TO BE FOUND, NOT IN SOUTH-EAST ASIA AND NOT IN THE ANTI-HEGEMONY PARTS OF THE SHANGHAI COMMUNIQUE (WHICH GETS YOU INTO THE SINO-SOVIET DISPUTE RIGHT AWAY) BUT, FIRSTLY, IN THE PORTION OF THE COMMUNIQUE RELATING TO TAIWAN, AND SECONDLY, IN SUCH BILATERAL INTERACTIONS AS COMMERCE AND CULTURAL AND TECHNOLOGICAL EXCHANGES. THE APPARENT PRC WILLINGNESS TO REVIVE AND UPDATE THE OLD RENUNCIATION-OF-FORCE FORMULA OFFERS A MEANS FOR DEALING WITH THE TAIWAN QUESTION AND NORMALIZING RELATIONS WHILE HONORABLY DISCHARGING OUR BASIC OBLIGATIONS TO THE PEOPLE ON TAIWAN. I THINK WE SHOULD THEREFORE BE PREPARED TO MOVE RAPIDLY TOWARD NORMALIZATION ONCE THE LEADERSHIP SITUATION IN PEKING LOOKS REASONABLY STABLE, PROVIDED ONLY THAT PEKING REMAINS GENUINELY AGREEABLE TO THE RENUNCIATION-OF-FORCE-FORMULA.

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9. MILITARY PRESENCE: THE ABOVE
RELATIVELY OPTIMISTIC ASSESSMENT REFLECTS A SUBSTANTIAL
DECREASE IN THE PROBABILITY OF EVENTS LIKELY TO REQUIRE A
U.S. RESORT TO FORCE, AT LEAST IN THIS REGION. WE SHOULD
OF COURSE SEEK TO CAPITALIZE ON THIS CHANGE BY CUTTING
BACK AS MUCH AS POSSIBLE ON THE POLITICAL, DIPLOMATIC, AND
ECONOMIC COSTS OF OUR MILITARY INSTALLATIONS. HOW DEEPLY
WE CAN CUT BACK WITHOUT DESTROYING THE UTILITY OF THE
BASES, WHAT THE ALTERNATIVES ARE, AND HOW COSTLY THEY ARE,
ARE TECHNICAL QUESTIONS THAT DESERVE THE MOST PROFESSIONAL
STUDY WE CAN GIVE THEM. WE SHOULD ALSO KEEP UNDER EXPERT
POLITICAL REVIEW THE RANGE OF CONTINGENCIES AND SCENARIOS
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THAT IMPART TO THE BASES WHATEVER VALUE THEY POSSESS.
SUBJECT TO SUCH CAREFUL REVIEW, WE MUST ASSUME THAT THE
PHILIPPINES BASES RETAIN A CONSIDERABLE VALUE THAT SHOULD
NOT BE DISCARDED LIGHTLY. IN THE FIRST PLACE, THE ASSES-
MENT THAT THERE HAS BEEN A DECREASE IN THE PROBABILITY OF
HOSTILITIES INVOLVING THE U.S. IN THIS REGION MAY REST
IN PART ON THE ASSUMPTION OF A CONTINUING EFFECTIVE U.S.
MILITARY PRESENCE. TO ILLUSTRATE THE POINT, WE ASSUME
(CORRECTLY, I THINK) THE WILLINGNESS OF THE PRC TO ACCEPT
A LONG STRETCH-OUT IN PROSPECTS FOR THE POLITICAL INTEGRA-
TION OF TAIWAN WITH THE MAINLAND. THE RATHER PROMPT
AVAILABILITY OF U.S. NAVAL POWER IS NOT THE ONLY REASON
WHY PRC WILL ACCEPT A STRETCH-OUT, OF COURSE, BUT IT
MAY WELL CONTRIBUTE. AN ADDITIONAL VALUE IS THE PRESUMED
UTILITY OF THE BASES IN EXTENDING THE RANGE OF OUR NAVY
INTO OTHER REGIONS. THE SUM-TOTAL OF ALL SUCH VALUES IS
CLEARLY NOT NEGLIGIBLE, BUT IT IS FINITE. THERE HAS TO BE
SOME PRICE THAT WOULD BE TOO HIGH, AND THIS IN TURN
NECESSARILY IMPLIES A WILLINGNESS AT SOME POINT TO GET
ALONG WITHOUT THE BASES. I PRESUME OUR WILLINGNESS TO
ABANDON THE BASES RATHER THAN MEET CERTAIN PRICES AND
CONDITIONS HAS BEEN BROUGHT HOME FORCEFULLY TO THE
GOP, BUT IF NOT IT SHOULD BE. PERHAPS THE PUBLICATION OF
FRANK UNDER HILL'S VIEWS IN FOREIGN AFFAIRS QUARTERLY
UNDER A "MR X" BY-LINE, WOULD HELP UNDERSCORE THE POINT.
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